

Optimal promotional policy in innovation diffusion model considering brand image in segmented specific market

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Abstract

In this paper, we formulate an optimal control model to determine the optimal promotional policy in innovation diffusion model considering brand image as a form of goodwill that also generates additional sales. Assuming that firm uses the mass and differentiated promotion effort for each segment. We derive the optimal dynamic promotional effort policy by applying maximum principle. Numerical example is provided to illustrate the applicability of the proposed model and solution procedure.

Keywords

Segment specific market, Innovation diffusion model, Optimal Control Theory, Maximum-Principle

Biographies

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